

January 14, 2000

The Honorable Tom Bliley
Chairman, Committee on Commerce
US House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

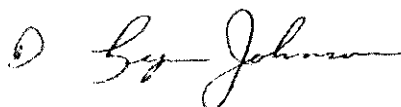
Eastman Chemical Company is encouraged that Congress is seriously undertaking to restructure the electric utility industry. However, we are disappointed with HR 2944, the "Electric Competition and Reliability Act," as approved by the Subcommittee on Energy and Power. The legislation, originally intended to promote competition in electricity markets, would not benefit consumers without significant changes. Our understanding is that you will be working this year to pass legislation which is more pro-competition and we support you in that effort.

Eastman is a large consumer of electricity and employs 16,000 people at four major chemical production facilities located in Tennessee, Texas, South Carolina, and Arkansas. We need the ability to secure lower electricity prices from multiple suppliers and to share electricity between our sites to stay competitive in the global marketplace.

The key to having truly competitive wholesale or retail electricity markets is an open, non-discriminatory transmission system. Such a system cannot develop under the bill as currently drafted. HR 2944 places too much authority at the state level, which will not allow the seamless national market and transmission system we believe is necessary to deliver the benefits of electric competition to consumers. We need one national electricity market, not a patchwork of 50 different markets. We encourage you to consider making changes to HR 2944 as suggested by the Electricity Consumers Resource Council and the Chemical Manufacturers Association.

We appreciate your continuing efforts to develop legislation that will truly open the electricity market to competitive forces.

Sincerely,



D. Lynn Johnson
Vice President, Government Relations



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